

## Message Text

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12

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PM-03 NSC-05 SP-02 SS-15 EB-07

CIAE-00 INR-07 NSAE-00 IO-10 OMB-01 L-03 /076 W

----- 083085

R 271205Z JUN 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 7306

INFO AMEMBSSY COPENHAGEN

C O N F I D E N T I A L TEL AVIV 4099

E.O.11652: GDS

TAGS: EIXD, ECON, ECRP, EFIN, IS

SUBJECT: ISRAEL'S ECONOMIC SITUATION

REF: A. STATE 150390 B. TEL AVIV 4011

1. OFFICIAL PROJECTION ISRAEL'S FOREIGN DEBT BY END  
OF 1975(PARA 2 REF B) SHOULD BE\$7,845 MILLION RPT  
\$7,845 MILLION.

2. OUTLOOK FOR FOREIGN INVESTMENT IS AT BEST MIXED  
GOI PRESENTLY PREDICTS GROSS FOREIGN INVESTMENT OF  
\$170 MILLION IN 175 AND REPATRIATION OF \$70 MILLION  
FOR NET FOREIGN INVESTMENT OF \$100 MILLION. DESPITE NEW  
EC AGREEMENT, EMBASSY HAS NOT RPT NOT HEARD OF ANY  
SIGNIFICANT NEW LARGE SCALE INVESTMENT FORM EITHER  
EUROPEAN OR U.S. SOURCES. DIFFICULT TO ASSESS PRIMARY  
REASON RELUCTANCE FOREIGNERS INVEST IN ISRAEL, AND ARAB  
BOYCOTT UNDOUBTEDLY A FACTOR. HOWEVER, IN DISCUSSIONS  
WITH RECENT U.S. VISITORS WHOESE JUDGMENT WE RESPECT,  
EMBASSY  
AS BEEN TOLD THAT PROBLME OF INSTABILITY IN  
THE AREA WOULD BE SUFICIENT TO DISSUADE FOREING INVEST-  
MENT. ADDITIONALLY, PROBLEMS OF HIGH RATES OF INFLATION AND  
TAXATION PLUS LABOR SHORTAGE AND BUREACRATIC DELAYS DO  
NOT CREATE FAVORABLE INVESTMENT CLMATE. WE UNDERSTAND  
OPIC PRESIDENT MARSHALL MAYS IS PREPARING A  
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SUMMARY REPORT ON HIS RECENT VISIT TO ISRAEL ANDWE BELIEVE

HIS EXPERT OPINION WILL BE USEFUL TO DEPARTMENT.

3. GOI BELIEVES IT HAS AN UNDERSTANDING RATHR THAN AN  
AGREEMENT WITH IMF NOT TO BORROW FROM BANK OF ISRAEL  
(BOI). BASED ON RECENT SOUNDINGS, EMBASSY BELIEVES  
GOI'S BUDGETARY DEFICIT FY 1975/76 WILL BE TWO OR THREE  
BILLION ISRAELI POUNDS AND WILL BE FUNDED THROUGH A LOAN  
FROM BOI.  
VELIOTES

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, INVESTMENT DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975TELAV04099  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750224-0631  
**From:** TEL AVIV  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1975/newtext/t1975068/aaaaagvf.tel  
**Line Count:** 70  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
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**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**TAGS:** EINV, ECON, ECRP, EFIN, IS  
**To:** STATE  
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